

## Message Text

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PAGE 01 STATE 014412

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ORIGIN EB-03

INFO OCT-01 ISO-00 /004 R

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DRAFTED BY: EB/FTD:WCMIMS

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FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ PRIORITY

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FOL REPEATOF STATE 14412 TO BANGKOK MANILA SEOUL TAIPEI

TOKYO INFO SAN SALVADOR JAN 21

QTE:

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E.O. 11652: N/A

TAGS: ETRD, TH, RP, KS, TW

SUBJECT: WASHINGTON POST ARTICLE ON COTTON CONTRACT  
PROBLEM

TOKYO FOR EDMOND

MANILA FOR YEUTTER/HUME/WILLIAMS

SAN SALVADOR FOR MICHAEL SMITH

1. ARTICLE ON PAGE TWO OF SUNDAY JANUARY 19 WASHINGTON  
POST HEADLINED QUOTE FAR EAST BALKING ON U.S. COTTON DEALS  
END QUOTE OUTLINES COTTON CONTRACT PROBLEM, SUMMARY  
FOLLOWS:

2. STORY BY DAN MORGAN SAYS US COTTON INDUSTRY QUOTE  
FACING POTENTIALLY HEAVY LOSSES END QUOTE DUE FAILURE FAR  
EASTERN CUSTOMERS TAKE DELIVERY OF HIGH PRICED COTTON  
PURCHASED LAST YEAR.

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3. ARTICLE GIVES DETAILS OF YEUTTER MISSION, SAYING AIM IS TO QUOTE IMPRESS UPON COUNTRIES CONCERNED NEED TO MAINTAIN SANCTITY OF CONTRACTS IN INTERNATIONAL TRADE. END QUOTE. IT GIVES ESTIMATES FOR VALUE OF OVERDUE CONTRACTS AT

BETWEEN DOLS 150 AND 200 MILLION. IT ALSO STATES ROK ECONOMIC PLANNING MINISTER NAM DUK WOO ASKED YEUTTER FOR CCC LOANS (AMOUNT UNSPECIFIED) TO HELP ROK PAY FOR COTTON, SAYING YEUTTER INDICATED HE WOULD PASS REQUEST TO WASHINGTON, THOUGH HE THOUGHT THERE WOULD BE DIFFICULTY IN OBTAINING SUCH LARGE LOAN. NAM ASSURED US THAT ROK HAS NO INTENTION OF CANCELING CONTRACTS.

4. ARTICLE FURTHER STATES AMERICAN EXPORTERS HONORED CONTRACTS LAST YEAR WHEN PRICES WERE RISING, BUT SITUATION HAS NOW CHANGED TO DISADVANTAGE OF OVERSEAS IMPORTERS WHO MADE FORWARD CONTRACTS AT HIGH PRICES. AT SAME TIME, OVERSEAS MILLS OVERBOUGHT WHILE DEMAND FOR TEXTILES HAS DROPPED SHARPLY. DUE TO THIS SITUATION FOREIGN BANKS ARE RELUCTANT GRANT CREDIT FOR COTTON IMPORTS, AND INTEREST RATES ARE HIGH.

5. ARTICLE CITES PREVIOUS CCC LOANS TO KOREA OF DOLS 10 MILLION (SIC), SAYING THESE LOANS TIED TO MATCHING CREDIT FROM ROK, AND FINISHES BY SAYING ROK FOREIGN RESERVES HURT BY SLACK TEXTILE EXPORTS.

6. COPIES OF ARTICLE BEING POUCHED. KISSINGER  
UNQTE INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CONTRACTS  
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**Draft Date:** 24 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 JUL 2003  
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**TAGS:** ETRD, TH, RP, KS, TW, US  
**To:** BANGKOK MULTIPLE  
**Type:** TE  
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